

## **STATEMENT OF PURPOSE**

### **RS20022**

On July 1 1997 Idaho community colleges, including Eastern Idaho Technical College (EITC), began requiring newly-hired professional and faculty employees to enroll in an Optional Retirement Plan(ORP) to take the place of PERSI for retirement benefits. Existing employees at the time were allowed to make a one-time election to move to an ORP or remain with PERSI. If a new professional/faculty employee is already vested in PERSI he/she may elect to remain in PERSI. Because of this change to ORP back in 1997, PERSI required that these two year colleges and EITC to pay 3.83% of all ORP employees' wages to PERSI to cover the "unfunded liability" for future retirements of employees already in the PERSI system. The unfunded liability provision sunsets on July 1, 2011. This legislation would redirect the 3.83% to the employees Optional Retirement Plan. This change would match the employer contribution for college employees who participate in the ORP with those who participate in PERSI.

### **FISCAL NOTE**

The 3.83% currently being contributed to PERSI will end July 1, 2011. This change would allow for that amount to be directed toward the employees Optional Retirement Plan creating a more equitable contribution with that of PERSI participating employees. As the PERSI contribution rate changes so would the fiscal impact.

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